



DEPARTMENT OF THE TREASURY

OFFICE OF PUBLIC AFFAIRS

For Immediate Release
March 11, 2004

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TREASURY AND IRS RELEASE INSTRUCTIONS FOR SCHEDULE M-3

Today, the Treasury Department and Internal Revenue Service released draft instructions for Schedule M-3, Net Income (Loss) Reconciliation for Corporations with Total Assets of \$10 Million or More.

Schedule M-3, released in draft on January 28, 2004, will be used by Large and Midsize Business (LMSB) taxpayers (those with total assets of \$10 million or more) filing Form 1120, U.S. Corporation Income Tax Return. The new Schedule M-3 would expand the current Schedule M-1, which has not been updated in several decades.

“The release of the draft Schedule M-3 instructions is the next step towards making differences between financial accounting net income and taxable income more transparent. We look forward to taxpayer comments on Schedule M-3 and how Treasury and IRS can make sure completing the new M-3 is as easy as possible for taxpayers,” stated Acting Treasury Assistant Secretary for Tax Policy Greg Jenner.

The Treasury and IRS expect that the proposed Schedule M-3 will be finalized for use with federal income tax returns for tax years ending on or after December 31, 2004.

The draft Schedule M-3 instructions and draft Schedule M-3 are attached and may be accessed on www.irs.gov.

ATTACHMENTS:

Draft Schedule M-3 instructions

Draft Schedule M-3 (released on January 28, 2004)